



November 20, 2018

Item No. 11

AUTHORIZATION TO: 1) SUBMIT A DEMOLITION APPLICATION TO THE UNITED STATES DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT (HUD) FOR DEMOLITION OF PROPERTY LOCATED AT 1450 NORTH LARRABEE STREET; 2) ENTER INTO AN INTERGOVERNMENTAL AGREEMENT WITH THE CITY OF CHICAGO; 3) ENTER INTO AN ADDITIONAL SERVICES AGREEMENT WITH NEAR NORTH CABRINI, LLC; 4) ENTER INTO A PREDEVELOPMENT LOAN AGREEMENT WITH NEAR NORTH CABRINI, LLC OR OTHER RELATED ENTITY IN THE AMOUNT NOT TO EXCEED \$1,500,000 FOR CLYBOURN AND LARRABEE; AND 5) EXECUTE AND DELIVER SUCH OTHER DOCUMENTS AND PERFORM SUCH ACTIONS AS MAY BE NECESSARY OR APPROPRIATE TO IMPLEMENT THE FOREGOING.

Address: 1450 North Larrabee Street

Alderman: Walter Burnett Ward: 27

Presenter: Ann C. McKenzie, Chief Development Officer

Recommendation

It is recommended that the Board of Commissioners (Board) authorize the Chief Executive Officer (CEO) or his designee to: 1) Submit a Demolition Application to HUD for the demolition of property located at 1450 N. Larrabee Street; 2) Enter into an Intergovernmental Agreement with the City of Chicago; 3) Enter into an Additional Services Agreement with Near North Cabrini, LLC; 4) Enter into a Predevelopment Agreement with Near North Cabrini, LLC or other related entity in the amount not to exceed \$1,500,000 for Clybourn and Larrabee; and 5) Execute and deliver such other documents and perform such actions as may be necessary or appropriate to implement the foregoing.

The requested actions in this item complies in all material respects with all applicable federal regulations, state and local laws, and Chicago Housing Authority (CHA) board policies. Staff have completed all necessary due diligence to support the submission of this initiative.

Funding

Up to \$4 million in City of Chicago Tax Increment Funds (TIF) and not-to-exceed \$1,500,000 in CHA Funds

Compliance

Will meet all compliance requirements for M/W/DBE and Section 3 participation.

Background

The Building Demolition: The CHA Board previously approved the CHA entering into a land transfer intergovernmental agreement (IGA) with the City of Chicago (City) and the Chicago Park District (CPD) on November 13, 2013 (Resolution No. 2013-CHA-101). CHA entered into the IGA in 2014. This IGA stipulated that the City would convey and CHA would acquire the Near North High School and adjacent field (collectively referred to as "the NNHS Property") at 1450 -1500 North Larrabee Street in exchange for CHA transferring to the City a portion of CHA-owned land that was formerly the Harold Ickes Homes development. The City, thereafter, conveyed the acquired Harold Ickes Homes property to the Chicago Board of Education for the construction of a new artificial turf field and running track for Jones College Prep High School.

On August 17, 2015, the City conveyed the NNHS Property to CHA. This property is part of the revitalization of the former Cabrini-Green development community and is included in the Cabrini Consent Decree.

The 1500 North Larrabee ballfield is currently being leased by several community sports organizations until such time the CHA will transfer the property to the CPD. CPD will own and operate the park for the community to utilize and enjoy.

The 1450 North Larrabee property will be utilized for mixed-income residential development and retail/commercial development. CHA intends to demolish the Near North High School building to prepare the site for the redevelopment activities. Demolition activity at the site is anticipated to commence by the end of 2018.

CHA and the City will enter into an IGA for CHA to receive \$4 million from the Near North Tax Increment Financing (TIF) district. Funds from the TIF will be used to pay for the demolition activities associated with the Near North High School building.

CHA will also enter into an Additional Services Agreement with Near North Cabrini, LLC, the developer for the NNHS Property, to cause the developer to perform the demolition activities at the site on behalf of CHA. The developer team will coordinate the demolition planning activities which will save the project money and time. Under the existing Contract

for Redevelopment of the Cabrini Green DZP Site 1, executed February 23, 2018 between CHA and Near North Cabrini, LLC, the developer may provide additional services directly to CHA as requested.

The redevelopment of this land was planned through the Near North Working Group and is included in the Development Zone Plan, a framework for the Cabrini redevelopment activities.

The Predevelopment Loan: On December 31, 2015, the City of Chicago's Department of Planning and Development (DPD) released a Request for Proposals (RFP) on behalf of the Chicago Housing Authority (CHA) under the stipulations of the Cabrini Green Consent Decree entered into on August 30, 2000. The RFP invited submissions of proposals for three (3) specific sites at the Cabrini Green area for Development Teams through a Request of Proposals (RFP) for the planning, design, finance, development and management of mixed-income/mixed-use development. The deadline for final responses was June 29, 2016.

The Hunt Development team was selected for the Clybourn and Larrabee site. The CHA Board previously approved Hunt Development Group as the developer for Clybourn and Larrabee on February 21, 2017 (Resolution No. 2017-CHA-23).

The overall redevelopment plan for this site consists of public housing units, affordable units and market rate units (and contain approximately 32,900 square feet of retail/commercial space) and a homeownership portion. At a minimum, the Development will contain approximately 482 newly constructed units including approximately 183 public housing units, approximately 71 rental non-public housing affordable units, approximately 142 rental market rate units, approximately 11 affordable (including 4 Choose to Own) homeownership units, and 75 market rate homeownership units. The Homeownership Development may include townhomes, multi-unit buildings or condominium units in a multi-story building consisting of market rate units, affordable units and (public housing) units.

The first phase planned is a 21-story high rise building with approximately 190 units of which approximately 84 units will be for CHA residents (44% of total units), and the remaining will be affordable and market rate. Redevelopment will begin at the southernmost tip of the redevelopment site.

PHASE I	1 BR	2 BR	TOTAL UNITS	% of UNITS
Public Housing	43	41	84	44%
Affordable	14	19	33	17%
Market	11	62	73	38%
TOTAL	68	122	190	

Development Entities

The Hunt Companies, Inc. and Imagine Group, LLC Joint Venture owns 51% and the Cabrini Green LAC Community Development Corporation owns 49%. Of the 51% Joint Venture, Hunt Companies, Inc. owns 70% and Imagine Group owns 30%.

Predevelopment Loan Description

The subject resolution will authorize CHA to enter into a predevelopment loan agreement for an amount of not to exceed \$1,500,000 to provide loan funds to Near North Cabrini, LLC for predevelopment services for the development of the Clybourn and Larrabee site. The loan funds will help fund a portion of predevelopment costs, which include but are not limited to architect, engineering, design development and construction documents, permit fees, surveys, market studies and other related real estate services. The proposed predevelopment loan will not exceed 75% of eligible third-party costs for rental units only, consistent with U.S. Department of Housing and Urban Development cost control guidelines and regulations. The total predevelopment loan budget is \$3,747,000 and the Developer will cover the remaining costs.

Respectfully Submitted:

Ann C. McKenzie
Chief Development Officer

RESOLUTION NO. 2018-CHA-

WHEREAS, the Board of Commissioners of the Chicago Housing Authority has reviewed the Board Letter dated November 20, 2018 entitled "Authorization to: 1) Submit a Demolition Application to HUD for demolition of property located at 1450 N Larrabee Street; 2) Enter into an Intergovernmental Agreement with the City of Chicago; 3) Enter into an Additional Services Agreement with Near North Cabrini, LLC; 4) Enter into a Predevelopment Loan Agreement with Near North Cabrini, LLC or other related entity in the amount not to exceed \$1,500,000 for Clybourn and Larrabee; and 5) Execute and deliver such other documents and perform such actions as may be necessary or appropriate to implement the foregoing."

THEREFORE, BE IT RESOLVED BY THE BOARD OF COMMISSIONERS OF THE CHICAGO HOUSING AUTHORITY:

THAT, the Board of Commissioners authorizes the Chief Executive Officer or his designee to: 1) Submit a Demolition Application to HUD for demolition of property located at 1450 N Larrabee Street; 2) Enter into an Intergovernmental Agreement with the City of Chicago; 3) Enter into an Additional Services Agreement with Near North Cabrini, LLC; 4) Enter into a Predevelopment Loan Agreement with Near North Cabrini, LLC or other related entity in the amount of \$1,500,000 for Clybourn and Larrabee; and 5) Execute and deliver such other documents and perform such actions as may be necessary or appropriate to implement the foregoing.

Eugene E. Jones, Jr.
Chief Executive Officer
Chicago Housing Authority